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SUBJECT: China's new super think tank
kicks off with global summit

¶1. (SBU) Summary: In response to widespread official and media criticism of Chinese think tanks' failure to adequately respond to the global financial crisis, China's Premier Wen Jiabao pushed for the creation of a new think tank with an impressive roster of high-level members. The center made its splashy international debut by hosting the Global Think Tank Summit in Beijing July 3-4. The China Center for International Economic Exchange (CCIEE) is tasked with examining the global economic situation and providing policy advice to key government decision makers. It purports to be independent of any particular ministry or enterprise and has stated that it will secure most of its own funding so as not to be influenced by special interests. However, contributions from Chinese state-owned enterprises and the fact that CCIEE is populated by powerful former and current state leaders have raised doubts about its ability to offer truly objective advice.
End summary.

Global Think Tank Summit, July 3-4

¶2. (U) On July 3-4, China's self-proclaimed "super think tank" declared itself open for business at a Global Think Tank Summit in Beijing. Chinese media reported that over 900 people attended to discuss the current global economic situation, and the line-up attested to its star power. Premier WEN Jiabao gave the opening speech at a welcome reception on the evening of July 2. Other international luminaries in attendance included former President of the European Commission Romano Prodi, former U.S. Secretary of State Henry Kissinger, Jose Maria Botelho de Vasconcelos, Angola's Minister of Petroleum and President of the Organization for Petroleum Exporting Countries (OPEC), and Muhammad Yunus, a Nobel Peace Prize laureate. IEA Executive Director Nobuo Tanaka also spoke at the opening event. A large number of high-level Chinese officials and business leaders, as well as top executives from multinationals working in China, were also present at the forum. Embassy officials attended, and the Energy Attaché delivered a speech.

¶3. (U) At the forum opening, think tank head and former Vice Premier ZENG Peiyan called for diversifying reserve currencies and proposed the idea of an Asian reserve currency. He also expressed concern over rising protectionism worldwide, calling for cooperation to keep markets open and promote economic globalization. In other sessions, People's Bank of China Chairman ZHOU Xiaochuan advocated for diverting excess savings to

emerging markets as a way to diversify risk and reduce U.S. dollar denominated assets, and Director of the National Energy Administration ZHANG Guobao blamed speculators for recent oil price fluctuations and insisted on stronger regulation. He also called for more cooperation on energy issues as equal partners.

What - A new super think tank for global economics

¶4. (U) China's self-proclaimed new "super think tank," the China Center for International Economic Exchange (CCIEE), was established in March 2009 by order of Premier WEN Jiabao. CCIEE integrates two existing National Development and Reform Commission (NDRC) controlled think tanks - the International Cooperation Center and the Open-to-the-Outside Consultant Center. Although officially an NGO registered with the Ministry of Civil Affairs, it operates under the guidance and supervision of the NDRC.

¶5. (U) The center is tasked with conducting research on major economic issues, promoting international economic cooperation, providing support for major national economic policies and providing high-end consulting services for cross-border investments. In its first phase, CCIEE announced 19 major research topics, including: impact of a possible second wave of the financial crisis; a new

BEIJING 00001971 002 OF 003

international financial order; U.S.-China strategic economic cooperation; Sino-Japanese strategic relations; Sino-Russian-Central Asian energy and resource cooperation and research; and the functions of other countries' think tanks in their respective governments' economic decision making processes.

¶6. (U) CCIEE is planning to concentrate heavily on international economic issues. ZHENG Xinli, Vice Director General of CCIEE and Deputy Director of the Party Central Office of Policy Research, in response to a question about what distinguishes the center from existing think tanks, told official state newspaper People's Daily: "Institutions like the Development Research Center (DRC) or the Chinese Academy of Social Sciences (CASS) specialize in economic theory and China's domestic economy, while the focus of CCIEE will be the study of international economic strategy and providing proper advice to the central government when needed."

¶7. (U) At present, CCIEE conducts weekly academic seminars and monthly economic discussions. CCIEE also produces four publications: "Important Information," "Study Reports," "Information Report," and "Think Tank Opinions". Some publications are delivered to upper level government officials, while others are provided as reference materials to member institutions or to the State Council and Ministries. Each publication currently has two editions per week.

Who - CCIEE Leadership

¶8. (U) CCIEE is chockablock with high-ranking former and current state leaders and heavy hitters from the corporate and academic fields. The top three spots are occupied by: former Vice Premier ZENG Peiyan, CCIEE's Director General; Deputy Director of the Party Central Office of Policy Research ZHENG Xinli, its Vice Director General; and former Vice Minister

of Commerce WEI Jianguo, its Secretary General.

The eight Executive Vice Chairmen are:

*WANG Chunzheng, former Director of the Office of the Economic and Financial Leading Group of the party Central Committee
*LI Yining, a Peking University professor and prominent economist
*LIU Zunyi, President of the Chinese University of Hong Kong
*ZHANG Xiaoqiang, Vice Chairman of the National Development and Reform Commission
*CHEN Yuan, Chairman of China Development Bank
*QIAN Yingyi, Dean of Tsinghua University School of Economics and Management
*JIANG Jiemin, General Manager of China National Petroleum Corporation
*WEI Liqun, Vice President of China National School of Administration and former Director of the Research Office of the State Council

The ten Vice Chairs are:

*FENG Guojing, Chairman of International Chamber of Commerce
*LU Ruihua, former Governor of Guangdong Province
*LIU Huaiqiu, former Director of the Foreign Affairs Office of the Party Central Committee
*ZHANG Yutai, President of the Development Research Center of the State Council
*ZHANG Guobao, Vice Chairman of the National Development and Reform Commission and Director of National Energy Administration
*LI Rongrong, Director of the State-owned Assets Supervision and Administration Commission
*XU Rongkai, Vice Chairman of the NPC Education, Science, Culture and Health Committee of the National People's Congress and former Governor of Yunnan Province
*LOU Jiwei, Chairman of the China Investment Corporation
*TENG Wensheng, former Director of the Central Policy Research Office
*DAI Xianglong, Chairman of the National Council for Social Security Fund

BEIJING 00001971 003 OF 003

Several executive directors from large state-owned enterprises include HUANG Tianwen (Chairman of Sinosteel), LI Shaode (President of China Shipping Group Company), and WANG Huisheng (President of State Development and Investment Corporation).

Why - Incumbent think tanks flunked financial crisis

¶ 9. (SBU) Chinese media and Embassy think tank contacts reported that CCIEE was created in response to existing think tanks' failure to adequately respond to the financial crisis. There are three broad categories of economic think tanks in China, each with its particular strengths and weaknesses: (1) policy-making think tanks affiliated with the Party and State Council, which operate at a very high level but avoid straying from the Party line; (2) think tanks affiliated with particular ministries, which dig down in depth on specific issues but lack an overarching macro-framework; and (3) academic think tanks that are more theoretical than practical in their analysis. The central leadership was underwhelmed by the work of all three with regard to predicting and responding to the global economic crisis. Official media and delegates of the National People's Congress (NPC) and Chinese

People's Political Consultative Conference (CPPCC) also took existing think-tanks to task, castigating them in particular for overestimating GDP growth and oil prices, and for being mouthpieces of their affiliated ministries or for narrowly representing the interests of the multinational companies, foreign institutions or private investors who provided their funding.

How - Funding sources

¶10. (U) Vice Director General ZHENG told the People's Daily that the center operates differently than government-funded domestic institutions or foreign counterparts that are sponsored by private capital. The central government provided CCIEE with a small start-up fund of 5 million RMB and the center subsequently established a fund raising board with the goal of raising another 500 million RMB. Apparently more than 20 state-owned enterprises (SOEs) have already come forward with support. The center is also planning to seek funds from privately-owned enterprises and multinational companies. CCIEE's leadership insists that the diversity of funding sources will guarantee the independence of the center. However, local media have raised doubts about the contributions of so many important SOEs. This coupled with the fact that that CCIEE is populated by so many powerful officials has led to speculation that the center will not be able to retain its independence.